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to merge the two drafts without great difficulties as the Communist Plan was also adapted in its structure to the system of mixed economy.

The Socialist Plan included gross capital outlay of roughly 6,700 million forint. Replacements being some 1,600 million, the net capital outlay would be 5,100 million. The Government Plan, following rather the Communist Plan, included a net capital outlay of 6,585 million, but did not reckon in its estimates with the burden loaded on the national income by the necessity of accumulating stocks. The Socialist Plan laid less emphasis on heavy industry and contemplated a more rapid extension of light industry than the Government Plan.

Besides capital outlay the Socialist Plan estimated that the other form of capital formation, the replenishment and extension of stocks, would need 6,500 million. Towards the total not investment of 11,600 million, it was hoped that about 2,000 million would be financed by foreign loans, leaving about 9,600 million to be raised at home.

The Government Plan looked forward to a more considerable improvement in the productivity of labour than the Socialist Plan, and therefore did not reckon on so great an increase in numbers employed.

LEGAL POWERS TO ENFORCE THE PLAN

It was by the Act of July 1947 for the Implementation of the Three-year Plan that economic planning as from 1 August of that year was introduced in Hungary. The six clauses of the Act ordered amongst other things: 'Every Hungarian national in Hungary and every foreign national having a working permit in Hungary shall be required by the Government, within the limits of the decrees issued on the basis of the present Act, to carry the Plan into effect'. Clause III authorized the Government to establish a Planning Board and a National Planning Department for the elaboration of the Plan and for controlling the work of carrying it into effect. It may be mentioned that the Planning Board never acquired a leading role. It was but an inter-departmental advisory body.[1] The power of decision was vested in the Supreme Economic Council, and the National Planning Department wielded the executive power. The Government also were empowered to determine by decree the penalties for any breach of the regulations issued in pursuance of the Plan. Jurisdiction over such offences was given to a special court with accelerated procedure.

[1] See Chapter IX.

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comparable to felony under English law. Even in a case of mere negligence an offender became liable to imprisonment up to three years. In all other cases the penalty may be penal servitude up to five years and, in aggravated cases, up to ten years. Even a death penalty may be inflicted when damage is done to important plant so serious as to interrupt production.

The decree clearly aims at investing the National Planning Department with an almost absolute discretion to prosecute for economic sabotage. Thus methods of terror were introduced to enforce the Plan. It is open to doubt whether in the long run these methods were conducive to economic efficiency, in particular, in regard to the quality of work done.

THE PRELIMINARY PROGRAMME

In reviewing the initial difficulties of the working of the Three-year Plan, it should be pointed out that they did not constitute arguments against planning in general, since they were rooted in specific Hungarian conditions. At the outset one of the main obstacles to elaborate planning was the gap in statistics on production. Later on it necessitated modifying the Plan. This insufficient information on fundamental facts, and perhaps still more the deficiencies in organization, were connected with the hasty way in which the transition to a system of planned economy was staged. The National Planning Department opened its activities on 1 August, the very same day that the Plan was officially put in force. Before that date preparatory work had devolved on different departments lacking effective co-ordination.

None the less, as required by law, the National Planning Department published a Three-year Plan on 1 August 1947 in the *Official Gazette*. It included a yearly production programme for industry and agriculture, as well as a national capital programme comprising investment in agriculture, mining, industry, communications, and buildings. The Plan proclaimed that, supported by the creation of an enlarged technical equipment and by a 50 per cent increase in the productivity of labour, industrial output in the third Plan year should amount roughly to double that of 1946–7, while farm production was to be raised by about 60 per cent.

The programme of output was mostly based on a broad classification of commodities; only sixty-nine types of commodities were enumerated. When the time came to give directions to individual enterprises, the National Planning Department felt the need of further details and expanded its list to include

[1] [issued under the Act of 1947 for a three-year plan—Analyst]

SECTION SIX

The Judicature.

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Article 36.

1) In the Hungarian People's Republic justice is administered by the Supreme Court of the Hungarian People's Republic, by the high courts, the county courts and the district courts.

2) By provision of the law special courts may be set up to deal with specific groups of cases.

Article 37.

The courts are composed of judges and lay members. The law can establish exceptions from this rule.

Article 38.

The Supreme Court of the Hungarian People's Republic exercises the right of supervising in principle the judicial activities and practice of all other courts. For this purpose the Supreme Court can establish directives and take decisions on questions of principle, which are then binding for all courts.

Article 39.

1) In the Hungarian People's Republic all judicial offices are filled by election and the elected judges may be recalled.

2) The judges of the Supreme Court and of the high courts are elected for a period of five years, the judges of the county and district courts for a period of three years.

3) The President and judges of the Supreme Court and the Presidents of the high courts are elected by Parliament.

4) The judges are accountable to their electors in respect of their judicial activities.

5) The election of the judges of the high courts, county courts and district courts is regulated by rules laid down in a special Act of Parliament.

Article 40.

1) The hearings before all courts of law are public unless otherwise prescribed by law.

2) All those accused before the courts are guranteed the right of defence during the judicial proceedings.

Article 41.

1) The Courts of the Hungarian People's Republic punish the enemies of the working people, protect and safeguard the state, the social and economic order and the institutions of the people's democracy and the rights of the workers and educate the working people in the observance of the rules governing the life of a socialist commonwealth. 642* 692 681

2) Judges are independent and subject only to the law.

SECTION SEVEN

The Public Prosecutor.

Article 42.

1) The function of the Chief Public Prosecutor of the Hungarian People's Republic is to watch over the observance of the law. 642* 693

2) In the exercise of this function the Chief Public Prosecutor supervises the observance of the law by the ministries, the authorities, offices, institutions and other organs, by the local organs of the state executive and by citizens.

3) The Chief Public Prosecutor sees to it that all actions detrimental to, or endangering, the social order, security or independence of the Hungarian People's Republic be consistently prosecuted.

Article 43.

1) The Chief Public Prosecutor of the Hungarian People's Republic is elected by Parliament for a period of six years. Parliament has the right to recall the Chief Public Prosecutor before the expiration of his term of office.

2) The Chief Public Prosecutor is responsible and accountable to Parliament in respect of his official activities.

3) Public prosecutors are appointed by the Chief Public Prosecutor.

4) The machinery of the prosecution of offenders is under the general direction of the Chief Public Prosecutor's office.